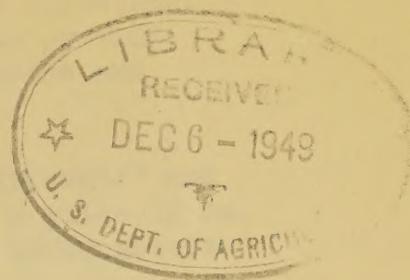


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DEPARTMENT OF AGRICULTURE
Rural Electrification Administration

Administrative Bulletin



**SUBJECT: Policy Relating to Borrowers' Headquarters Facilities
(Excluding Central Generation and Transmission Systems)**

1. General Provisions:

- a. The Rural Electrification Administration will make loans to finance the construction or acquisition of headquarters facilities to house the business operations of REA borrowers in cases where such loans will carry out the purposes and meet the requirements of the Rural Electrification Act of 1936, as amended. In general, loans for headquarters facilities will be given consideration if approval will not entail rejection of an application for a line-construction loan which would otherwise be approved.
- b. With the exception noted in paragraph 3-b, loans for construction or acquisition and remodeling of headquarters facilities will be approved only in cases where the ultimate system service area has been determined or can be predicted with a reasonable degree of accuracy.
- c. Where REA loan funds are not immediately available, a borrower may seek permission to use general funds in anticipation of an REA loan. In every such case, the borrower shall simultaneously apply for a loan for the full amount necessary. After REA approval, the borrower may execute its plans with the understanding that when loan funds are again available REA will approve the application for a loan to cover the general funds so applied.
- d. Loans for headquarters facilities will be made on the same terms and conditions as other loans made pursuant to Section 4 of the Act.
- e. All plans and specifications shall be subject to REA approval.

2. Appraisal of Loan Applications:

- a. In determining whether a loan for a headquarters facility should be made, REA will give primary consideration to the rental cost

of comparable quarters in the local community. A loan will not be approved for a larger sum than a prudent investment policy would indicate, or for a sum too small to provide proper housing in keeping with the borrower's needs and position in the community.

b. The following "Schedule of Standard Space Requirements" and the accompanying instructions shall be used as a guide in determining the amount to be spent on borrowers' headquarters facilities:

SCHEDULE OF STANDARD SPACE
REQUIREMENTS FOR REA BORROWERS'
HEADQUARTERS FACILITIES

(1) Service Area:

<u>Miles</u>	<u>Cubic Feet</u>	<u>Miles</u>	<u>Cubic Feet</u>	<u>Miles</u>	<u>Cubic Feet</u>
500	38,000	1600	81,000	3250	127,000
600	43,500	1800	87,000	3500	133,000
700	48,000	2000	93,000	3750	139,000
800	52,000	2200	99,000	4000	145,000
900	56,000	2400	104,000	4500	156,000
1000	60,000	2600	110,000	5000	167,000
1200	67,500	2800	115,000	5300	177,000
1400	74,000	3000	120,000	6000	187,000
				6500	197,000

(2) Members Cubic Feet Members Cubic Feet Members Cubic Feet

600	22,000	4000	49,500	11,000	77,000
800	25,000	4400	52,000	12,000	80,000
1000	27,000	4800	54,000	14,000	85,000
1200	29,000	5200	55,500	16,000	90,000
1400	31,500	5600	57,500	18,000	95,000
1600	33,500	6000	59,000	20,000	100,000
1800	35,000	6500	61,000	22,000	104,000
2000	37,000	7000	63,000	24,000	108,000
2400	40,000	7500	65,000	26,000	112,000
2800	42,500	8000	67,000	28,000	115,000
3200	45,000	9000	70,000	30,000	119,000
3600	47,500	10000	74,000		

(3) Instructions for determining the standard amount to be spent for borrowers' headquarters facilities:

(a) Estimate for each applicant the ultimate number of miles of line and number of members.

- (b) Determine from Section I above the number of cubic feet specified for the estimated number of miles of line.
- (c) Determine from Section II above the number of cubic feet specified for the estimated number of members.
- (d) Determine the cost of space by applying the appropriate cost per cubic foot to the space resulting from miles of line and number of members and add the two amounts.
- (e) Add to the combined space cost 10 percent of the amount to cover total cost of architects' fees, legal fees and other overhead expenses.
- (f) Exclusive of the cost of the lot and landscaping the resulting total is the standard amount to be spent for the subject borrowers' headquarters facilities. No increase in the standard amount of funds to be used for headquarters facilities will be approved unless adequate justification is supplied to REA by the borrower.

3. Construction or Acquisition:

- a. Experience indicates the desirability of a borrower constructing a new facility specifically designed to meet its needs. In the event a borrower wishes to acquire a building for its headquarters it must submit evidence satisfactory to REA that the proposed purchase would meet the needs of the borrower as adequately as, and at lower cost than, a new building.
- b. Loans will be approved, under certain conditions, for the acquisition of buildings for temporary headquarters, in cases where such acquisitions can be shown to be more advantageous than renting. Such loans will be limited to the amounts necessary for the purchase price plus minimum necessary alterations. In considering such loans REA will take into account whether economies would result and whether the investment in such a temporary headquarters would probably be capable of quick liquidation. Buildings so financed need not possess all of the features which are desirable and even essential for permanent occupancy, but must be adequate for the borrowers' needs during a period of growth.

4. Location of Headquarters:

- a. The borrower, after consultation with REA, shall determine the location of the headquarters.
- b. Location should be decided on the basis of general business as well as technical operating efficiency. The headquarters should be located at a trading center which has adequate mail, restaurant, banking, business-supply and similar facilities, preferably near the center of the borrower's ultimate system service area--a trading center where a large part of the members-consumers go for their shopping.

5. Site of Building:

- a. The borrower, after consultation with REA shall select the building site with full knowledge of the advantages and disadvantages of center-of-town and edge-of-town sites.
- b. Site should be determined on the basis of such factors as the following: the price of land and the cost of retaining it; rail-freight facilities; adequate parking space; off-street loading facilities; space for garage, warehousing and pole storage; appearance and landscaping opportunities. These factors indicate the desirability of not less than one acre.
- c. In selecting a site the borrower should consider several factors not generally applicable to other forms of business. Among these factors is accessibility to any present cooperative center, or other community agricultural buildings. The borrower should give sympathetic consideration to a site which is adjacent to or convenient to such center or building.
- d. Purchase of land to be used as the site for a headquarters building and title proof therefor shall be subject to REA approval prior to purchase.

6. Size of Headquarters Building:

A loan for the construction of a new building will be approved only when the plans for it are consistent with plans that provide for the ultimate needs of the borrower, determined by careful joint study by the borrower and REA. The building should be so placed on the site and so constructed that future expansion if necessary can be effected economically.

7. Architectural Style:

- a. Borrowers' headquarters buildings should reflect dignity and simplicity. The design and layout should conform to good architectural and construction practices. The use of materials locally available is recommended, so that a building will be identified with the community in which it is located.
- b. Wherever possible, local architects should be retained to work out the design.
- c. The headquarters building should carry the letters "REA" for purpose of identification with the REA program.

8. Plan Arrangement:

- a. In general, all the facilities relating to a borrower's headquarters, such as office, warehouse, garage, should be under a single roof; and the storage yard for poles should adjoin and if possible be on the same lot as the headquarters. Exceptions to this policy will be recognized in the case of large systems covering a great area where it may be desirable and feasible to establish warehouse, garage and pole facilities at several locations.
- b. Where a borrower has both generation and distribution facilities, the headquarters office should be housed in a separate building although the generation plant building and the office building may adjoin.
- c. REA will provide general standards for internal arrangements as a guide for borrowers.

9. This Bulletin rescinds General Order No. 127 of December 22, 1939. It also supersedes all other existing instructions in conflict with the provisions of this Bulletin.

Claude P. Wickard

Administrator

Index:

Headquarters Facilities; Policy Relating to Borrowers'
Policy Relating to Borrowers' Headquarters Facilities
Buildings; Policy Relating to Borrowers' Headquarters Facilities
Office Buildings; Policy Relating to Borrowers' Headquarters
Facilities

